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and bridges. The revenue under Taxes on Income, Excise and Customs, however declined. The decrease under Customs was under Imports.

On the expenditure side, the net variation was an increase of Rs 2·27 lakhs of which Rs 1·71 lakhs was under Public Works. The receipts from the sale of Government lands and the capital expenditure not charged to revenue amounted to Rs ·83 of a lakh and (—) Rs 2 2 lakhs respectively as against the revised estimates of Rs ·70 of a lakh and (—) Rs 3·60 lakhs.

As a net result of the year's transactions, both ordinary and capital, the Government closing balance which was expected to stand at Rs 118·93 lakhs was reduced to Rs 117·03 lakhs, at the close of 1109.

REVISED ESTIMATES FOR 1110.

4. While framing the budget estimates this time last year, we expected to realise a total revenue of Rs 232·92 lakhs and programmed for an expenditure of Rs 229·97 lakhs leaving a surplus of Rs 2·95 lakhs. But on the basis of the actuals so far known, the revenue is expected to stand revised at Rs 233·44 lakhs and the expenditure charged to revenue at Rs 232·95 lakhs. The current year is thus expected to close with a small surplus of only Rs ·49 of a lakh. The ordinary revenue of the year is expected to be better than the original anticipation by Rs ·52 of a lakh. The expected increases are under Excise (1·25), Stamps (1·85), Interest (1·73), Duty on Matches (1·25), Forest (1 05), Buildings, Communications and Miscellaneous Public Improvements (89) and Railways (·58). Under Excise, an increase of Rs 1·75 lakhs expected under Abkari and Opium is counterbalanced by a reduction of Rs ·50 of a lakh under Tobacco, mainly Coimbatore Tobacco. Under Duty on Matches, a revenue of Rs 3·75 lakhs is expected during the year as against Rs 2·50 lakhs only originally anticipated. Forest revenue is expected to be better than the budget estimate by Rs 1·05 lakhs, due mainly to the improvement in the timber market after the depression. Under Stamps, the expected increase is under sale of Court Fee Stamps. The adjustment of interest on the Capital invested on the Electricity and Telephone Schemes at five per cent, per annum to the credit of Government accounts for the increase under Interest. Under Buildings, Communications and Miscellaneous Public Improvements, the expected increase is under Tolls on roads and bridges. The working of the Railway from Shencotta to Trivandrum for the year ended March 1935 resulted in a net receipt of Rs ·58 of a lakh.

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The decreases expected are mainly under Land Revenue (3·05), Customs (1·77), Education (1 06), Productive irrigation (·44), Electricity and Telephone (·58) and the Willingdon Water Works (·94). As a measure of relief in view of the prevailing economic depression, Government sanctioned during the year remissions of $18\frac{3}{4}$ per cent. in the land tax on all Ayacut wet lands and tank-bed conversions in the taluks of Tovala and Agastisvaram and post-settlement Kayal Reclamations in the taluks of Ambalapuzha, Changanachery and Kottayam and of $12\frac{1}{2}$ per cent. in land tax, excluding water rate, on all other lands, wet or dry, including Kandukrishi and Sripandaravagai lands, but excluding lands under cultivation of tea, rubber, cardamoms or coffee. In the case of the dues for the Kumbhom crops on Ayacut wet lands and post-settlement tank-bed registries in the Tovala and Agastisvaram taluks, the percentage of remission has been raised from $18\frac{3}{4}$ to 50. These remissions account for the fall under Land Revenue. The budgetted revenue under Customs included Rs ·60 of a lakh on account of export duty on Cardamoms. But, since the Cardamom pattadars have agreed to the enhanced land tax in lieu of the proposed export duty on Cardamoms, the assessment on Cardamom lands was raised from B. Rs 2 to B. Rs 3 per acre and the revenue from this source is being credited to Land Revenue. Excluding this amount, the original estimate under Customs was Rs 40·07 lakhs. The revenue now expected is only Rs 38·90 lakhs or Rs 1·17 lakhs less, due to the reduction of tariff values on the produce of the cocoanut tree with effect from 1st Chingam 1110. The remission of school fees sanctioned from Kanni last accounts for the decrease under Education. The expected fall of Rs ·44 of a lakh under Productive Irrigation is due to the remission of tax sanctioned during the year. Hitherto the net receipts from the Electricity and Telephone schemes were being credited in full to Government after providing for depreciation alone. But, since the outlays on the above schemes should be treated as investments on reproductive works, it was decided that only interest at five per cent. should be charged by Government on the outlays on the schemes and the balance of net receipts, after providing for depreciation charges should be credited to a separate Reserve Fund under debt heads. This accounts for the fall under Electricity and Telephone. The gross receipts under Willingdon Water Works were originally estimated at Rs 1·25 lakhs on the assumption that water tax would be collected by the Trivandrum Municipality from the beginning of the current year. But, the tax for the last quarter of the year alone is now proposed to be levied and a revenue of Rs ·25 of a lakh only is expected from this source.

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5. On the expenditure side, a net increase of Rs 2·98 lakhs is anticipated. The chief items which contribute to this increase are Buildings, Communications and Miscellaneous Public Improvements (1·46), Maramat (1·38), Miscellaneous Political expenditure (2·10) and Miscellaneous (1·42). The increase under Buildings, Communications, etc., is due to the additional grants sanctioned during the year for works. Under Maramat, the anticipated increase is due to the restoration works in the Sri Padmanabhaswami Temple. The increase under Miscellaneous Political Expenditure is due to the expenditure in connection with the Silver Jubilee of His Majesty, the King-Emperor. Under Miscellaneous, the increase is due mainly to the payment to the Palace of the arrears of Vilavasi from 1107. Savings to the extent of Rs 5·68 lakhs are also expected under some of the major heads of which the more important ones are Education (1·17), and Contribution to the Devaswom Fund (1·80). The expected decrease under Education is mainly under Vernacular School Education. Owing to the fall in revenue under Ayacut and Sanjayam Land Revenue for the current year, the contribution to the Devaswom Fund would amount only to Rs. 12·62 lakhs as against Rs. 14·42 lakhs anticipated in the budget.

6. Turning to the Capital section, sale proceeds of Government lands are expected to bring in Rs ·85 of a lakh as against Rs 1 lakh anticipated in the budget while the capital expenditure stands revised at Rs 5·20 lakhs. In the result, a net outgoing of Rs 3·86 lakhs is expected at the close of the year as against the budget estimate of Rs 1·44 lakhs. The Government Account balance at the close of the year is thus expected to stand at Rs 113·17 lakhs, the reduction being mainly contributed by Capital expenditure not charged to revenue.

7. It will thus be seen that whereas the closing balance for 1109 should be only Rs 113·97 taking into account only expenditure charged to revenue, it has actually been put down at Rs 117·03 lakhs by including Rs 3·06 lakhs, the net result of Capital transactions not charged to revenue during the year. Similarly, if the revised estimate anticipation of a nominal surplus of Rs ·49 of a lakh is only to be taken into account, our closing balance for 1110 should increase to Rs 117·52 lakhs. This has been decreased by Rs 4·35 lakhs, being the expected net result of the Capital transactions of the year.

8. It has been stated that, as far as possible, Capital Expenditure will hereafter be met from borrowed funds, the principle being

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that as these undertakings are to benefit posterity also, they should take a proportionate share in the liquidation of such debts, separate reserves or funds being kept for each separate capital undertaking taken up hereafter. This has been effected to some extent already in the case of minor electrical undertakings. If, indeed, Government should actually decide to float a loan to find funds for the Pallivasal and other schemes, which they propose to take up next year, the necessary provision by way of a sinking fund or other forms of redemption of debt will also be made for them. The general reserve fund constituted from the old sinking fund will be amalgamated with the Government account balance of Rs 113·17 lakhs, so that the total would be Rs 173·72 lakhs which will be carried forward as the amount at credit of the Government account for the year 1111. This is necessary in view of the fact that the sinking fund formed only from the general revenue surpluses, should properly go back to swell the Government reserve or the surplus revenue account, as it is not now required for carrying out the original intentions of Government.

BUDGET ESTIMATES FOR 1111.

9. I shall now proceed to deal with the budget estimates for the ensuing year. The revenue is estimated at Rs 242·16 lakhs and an expenditure charged to revenue of Rs 249·12 lakhs has been provided for. The next year is thus expected to close with a revenue deficit of Rs 6·96 lakhs. This deficit is not due to any abnormal expansion of the several departments of Government or to any large increase in recurring and ordinary expenditure but to certain non-recurring and extraordinary items. Besides providing for the usual normal expansion of the Government departments, provision has been made in the next year's budget for the Murajapom Ceremony (4·25), Military Works (3·0), the construction of the Council Chamber (2 0) and the Trivandrum Town Planning Scheme (1·50). Leaving aside these special items of expenditure, the next year's ordinary transactions are expected to end in a revenue surplus of about Rs 4 lakhs.

The capital receipts next year are expected to amount to Rs 1·50 lakhs and the proposed programme of capital expenditure is estimated at Rs 16·77 lakhs. Including the capital transactions, the Government Account balance will stand at Rs 90·95 lakhs or including the General Reserve Rs 151·49 lakhs.

Revenue.

10. The budgetted revenue for the next year is Rs 242·16 lakhs as against the current year's anticipated revenue of

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